

SUGAR AND PLANTATIONS

NEW SUGAR PRICE IS ADMISSION OF MISTAKE IN PAST

Committee tacitly acknowledges price for present crop has been too low

POORER PLANTATIONS WILL BENEFIT MOST

Rich plantations will probably pay eighty percent of increase in taxes

In the fixing of 7.28 cents a pound as the price for raw sugar of the next crop there can be seen a tacit admission that the price, which was fixed and maintained by the sugar committee of the food administration for the present crop was too low. Producers have criticized the committee for having accomplished only half of what it was designed for. It now undertakes the accomplishment of the other half.

The committee sought to stabilize and maintain at reasonable limit the price of refined sugar to the consumer. In this it succeeded. It was constituted to maintain production to the highest degree and in this it succeeded only so far as the patriotism of the producers helped. The price was too low to stimulate production when other commodities could be raised on which the price was not so drastically controlled. Planters' Pleas.

General satisfaction with the new sugar price is expressed by all connected with the sugar industry in Hawaii. It is all that could be hoped for and more than most expected. But 7.28 cents a pound is not an high a price as it sounds. The old price of 6.05 with higher costs for everything that enters into the growing production and marketing of sugar gave no larger margin of profit than did four to four and a quarter cent sugar before the war. Costs are still mounting and will be even higher next crop than this. Hence an increase of 1.23 cents a pound for raws will give a profit which is equivalent to what was earned when costs were lower and prices ranged from five to five and a quarter cents a pound.

Sugar at 6.055 a pound means \$121.10 a ton at the refinery ports. At 7.28 cents the price will be \$145.00, an increase of \$23.90 a ton.

Poorer Helped Most
It is what may be called the poorer plantations or companies that will benefit most from the new sugar price. With them it is a margin of profit instead of a margin of loss. It will enable them to earn up to the limit above which profits are termed "war" or "excess". With the richer companies it will mean larger earnings than this year but not greatly increased dividends.

Present indications are that the new War Revenue Law will tax profits which are in excess of the prewar profits eighty percent flat. This will mean that of the profits which are permitted under the new price eighty percent will go to the government and only twenty percent to the stockholders but this will enable in many instances a payment of dividends during 1919 a fifth larger than those that will have been paid this year. It is this one fifth margin that encourages the larger and the richer plantations. It may be further increased for it is based on the same production as this year and, with the exception of labor, every condition surrounding the industry is indicative of a considerably larger crop than this year. As it is proportionately larger so can the richer companies increase their dividends to the extent of one fifth of the increased revenue from the larger output.

Somewhat Surprised
When the Planters' Association was advised last Monday that the figure to be announced would be 7.28 it was generally believed there was some mistake for it was figured that the percentage of increase for the grower was out of proportion to that allowed the refiner. Stock market reports from New York indicate that the investing public there look on the division of the increase in the same light, had expected more and were disappointed. For American Sugar Refining Company stock declined sharply quickly on the announcement, the decline having been noted even before the announcement of the actual fixing of the price. But by granting far the longer end of the increase to the grower the committee has made clear that its purpose is to stimulate production to make larger the profit where larger profit was necessary.

Hard To Grant
To increase the price of refined sugar two cents a pound was not as easy thing for the sugar committee to do and it hesitated long. The desire of the food administration on the mainland to hold prices to the consumer as low as may be and yet keep production to the maximum. This is shown in wheat as well as in sugar. The increase of two cents a pound affects 100,000,000 people in the United States alone. It will mean about \$1.50 added to the cost of living of each one of these. On the other hand, unless it were so increased these hundred million would have to do without a considerable part of what is deemed their actual requirements. Thus the committee had a difficult problem to solve and it is not unlikely that it will be severely criti-

M'BYDE SUGAR MILL AT ELEEE KAUAI—The stock of this company has come in for considerable attention since the announcement of a higher price of sugar for the next crop and the demand for its shares is evident by the stock exchange sales' sheets.

SMALL CHANCE HERE FOR RATIONING SUGAR

Food Administration At Washington Has Best of Reasons

Hawaii this year escaped sugar rationing, was exempted from the rules with Porto Rico and Alaska while Louisiana was rationed with the rest of the United States. Why the exemption was made for Alaska was not quite clear nor was it quite clear why Louisiana was included. Porto Rico and Hawaii may have been excluded because sugar is their main industry but it has been surmised that the main reason for Hawaii was because of the large amount of unsaltped sugar. If such was the case the same conditions are not likely to prevail and Hawaii might be included. It does no harm, therefore, for Hawaii to prepare.

It is probable that another reason entered into the rationing plans of the food administration. Sugar is a food and when used it supplants other foods. Hawaii and Porto Rico produce it in large quantities. Other foods have to be largely brought to Hawaii. Where sugar is used in place of other food that would have to be imported there is a double saving in freight and at the same time it releases for use on the mainland other foods that would have to be brought here for use.

SUGAR FROM LARCH TREES IS PROPOSED

The possibility of obtaining sugar from the bark and waste of the larch tree is being investigated by F. D. Becker, secretary of the Montana Lumber Manufacturers' Association, who has written the following letter to the Forest Products Laboratory at Madison, Wis.

"I have been doing quite a little tracing of the qualifications of western larch. I have even traced it back to a century or so ago into Russia. I found that the peasants extracted sugar from the growth on the inside of the bark of the European larch and that if they had the facilities that they could have gotten sugar out of the body of the tree.

"Will you kindly advise what you know about this and will you be good enough to make tests of Montana larch to ascertain whether or not it could be obtained in commercial quantities. However, this does not seem possible, but anyway if there is any sugar that can be obtained from the bark it would be getting something out of waste.

"Montana larch is now recognized as very superior to the fine old European larch, our wood being of a finer and softer texture, and the government is recognizing it as one of the finishing woods, even to the extent of using it for interior finish of a great many of the new ships, and if waste and bark can be used for sugar in addition to the wood being used for government purposes, Montana will do a great deal towards helping in this great struggle."

Retail Grocers Are Seeking To Increase Prices

Complain That Costs Have So Grown Their Margin of Profit Is Wiped Out Practically When Obeying Orders of Food Administration

Retail grocers are complaining that the profit margins provided by the Food Administration, while seemingly adequate when made, are plainly insufficient to cover the rapidly increasing costs of doing business, which are estimated to have advanced from a normal average of 17 1/2 percent (on sales) before the war to probably twenty-three percent or more now. In various parts of the country, demands are growing for a readjustment of the margin.

For instance, a typical grocer in St. Louis made an analysis of his expenses and found surprising increases. He employs two meat cutters, who formerly were paid \$30 and \$18 a week, respectively, or a total of \$48 a week. He is now paying the same employees \$50 a week, or an increase of thirty-six percent. He employs four clerks, three of whom received \$13 a week and the one \$14 a week, or a total of \$53, whereas he is now paying that same help \$72 a week, an increase of 36.2 percent.

His ice, which formerly cost 22 1/2 cents, has been advanced to thirty cents a pound to eight cents, meaning an increase of 114 percent. Butcher paper has risen from three cents a pound to 6 1/2 cents, or 108 percent. He formerly paid eight cents for twine, and is now paying seventy cents, or an advance of 788 percent. Heat was obtained at a cost of \$3.25 a ton, whereas now the same cost \$6.50. Where horses are used in delivery, oats formerly cost thirty-two cents; it is now seventy cents though a while ago it was ninety cents. Hay, which formerly cost \$18 a ton, the grocer is now forced to pay \$26 and repairs are costing upward of fifty percent more, while insurance on stock and equipment has been advanced.

Another retail grocer has had an expert accountant go over his books to determine accurately his overhead expenses. This retailer does an annual business of \$80,000 with an expense of \$13,583.96, or 25.59 percent. The difference between these figures was found to show the following percentages:

Rent	12.2
Labor	12.22
Delivery wagons	93
Light, heat and power	10.1826
Telephone	10.3383
Red debts	0.1
Insurance	0.02
Shrinkage	0.05
Theft	0.05
Interest on note	0.02
Ice	0.0426
Donations	0.006
License and taxes	0.0268
Stamps, bags, printing	0.02
Depreciation on fixtures	0.0125
Interest on investment	0.057
Total percent	44.30

In most of the fair price lists established by the food administration for such staples as sugar, butter, eggs, lard, flour, etc., items are priced on a basis of from cost to less than ten percent gross. However, the Food Administration on canned goods, dried fruits, cereals, ranged the margins from sixteen to thirty percent. On sugar, therefore largely sold in a competitive way at from no profit to ten percent, the advance is now 9 1/2 cents retail price of 12 1/2 percent. New York Journal of Commerce, August 5, 1918.

The majority of the answers reaching the chamber of commerce from merchants and members of the chamber favor the holding of a territorial fair in Honolulu in 1919.

WHO GETS PROFIT ON NEW REFINED PRICE

Probably Will Not Go To Refineries; Is Belief

Who will get the extra two cents on the price of refined sugar for the balance of the present crop? This is a question which is puzzling sugar producers in Hawaii and upon which they have not as yet had advice.

The price for refined sugar at wholesale has been advanced to nine cents but the price paid for raws to the producer will not be increased until the next crop. Will the refiner get the profit? Will the sugar equalization board buy at 6.055 and sell to the refiner at 7.28 cents? If the latter will the refiner be permitted to get his share of the increase in differential on this year's crop while the producer does not? That margin is about .24 of a cent.

In Hawaii the only company that may immediately profit by the increase in sugar price would be Honolulu Plantation and there is not a great amount of refined sugar in its refinery for a great deal more to be made from this year's crop. It is allowable for this company to sell its refined output at the new price but what is it to do with the difference?

It is not believed, among shippers here that the refiners will be given the profit that would come to them and the profit of the producer for the balance of the crop. It is suggested that the equalization board may take it and put the proceeds to the capital of the sugar corporation which may be called upon to buy and sell at a loss later. This is believed likely. But then comes the point of the 24 of a cent. Who will get that. Shippers here confess they are all at sea and will be until there are further advice. At present they have not been advised of the date when the new prices will go into effect.

UNIFORM YEAR FOR SUGAR IS ADVOCATED

Shipments From Here Overlap Other New Crops

Need of the establishment of a uniform sugar year and its adoption by all sugar producing sections and country without regard to the period of the year when their shipments begin and end, is seen by men prominent in the Hawaiian sugar industry.

The new sugar price is to go into effect with the new crop, it is reported. The beet sugar crop will be going in before the last of the Hawaiian sugar will be shipped. Porto Rico and Cuba will benefit before Hawaii does. From here some of the new crop will be moving with the old crop raws in November and December. It manifestly would simplify things if a uniform sugar year were to be established.

Planters here would have been glad to see the new prices go into effect immediately for there is still a considerable amount of sugar that is unshipped or is in transit. The point they stick at, however, is that the Cuban, the Porto Rican and the Louisiana crops are in while Hawaii's crop is still not entirely harvested.

There is always late sugar sent from the Hawaiian Islands which overlaps the crops of the others and if the uniform year were established that late sugar, at least, would be netting the new price.

MANCHESTER, September 13.—(Associated Press)—Following his speech of yesterday David Lloyd George was ill last night. The Premier is reported to have suffered a chill and his temperature was high. Physicians are with him.

SUGAR IS MOVING FORWARD STEADILY

With Month Less Than Half Gone More Than Twenty Thousand Tons Have Departed

For the first third of the month sugar movements were keeping well up with last month's record. Departures and movements were three-quarters as large in proportion, but it is not expected that this record will be kept up. To and including the tenth there had departed during September, 27,000 tons, which if kept up for the month would have meant \$1,000 tons as against 102,000 in August.

There is no likelihood of sugar moving so rapidly for the rest of the month for many of the vessels will land canned pineapples in quantity. It is now estimated that there will be moved before September passes out about 50,000 tons, earlier estimates having been 60,000.

There has now been moved 480,000 tons of an estimated total movement of 563,000. The present estimate for the month's shipment would leave only 83,000 tons and of this between 4500 and 5000 tons will be ground in late November and early December or will at least, be not ready for shipment until that time. Thus to move another 50,000 tons in October would have the sugar about cleared out.

Where sugar is bound the shipper does not always know now. He is most concerned in seeing the sugar get aboard the waiting ships and the ships pass around Diamond and Koko Heads. Sometimes it starts for one point and is diverted to the East under later orders. But sugar is moving and is the main concern of the shipper and of the shipping board.

The greatest confidence is felt that next season's crop will not be subject to such delays as was this year's. The shipping board has now shown what it can do in an emergency. That emergency was largely created because sugar had unavoidably accumulated. If the harvest could meet, as it has done so splendidly, an emergency, with the increased shipping of the next few months there is little doubt that sugars will move away, quietly, rapidly and regularly. Early in the crop 40,000 to 50,000 tons a month will do while later it can increase to the apex of the harvest and then decrease again.

At any rate, planters are not now worrying on the score of ships.

DEMAND FOR SUGAR STOCKS IS RENEWED

Brokers Are Busier Than At Any Time Since Yellow Sheet Exposures Came

Stock brokers on the local exchange have for the past two days been enjoying a business which as they have not previously known in months and the chief source of business has been sugar stocks. The buying is stimulated by the price of sugar for next year and the tone of the market is distinctly bullish. Some of the buying is known to be for mainland account and the mainland quotations show an increased demand for sugar securities in San Francisco.

M'Byde has been one of the main points of interest in the local market, in part, perhaps, because it is one of the lowest priced stocks and will be one of those which will most largely benefit from the increase in price. It is one of the plantations where the greater part of the increased revenue can go to dividends and not into the pockets of executives. All of the Hawaiian securities have scored sharp advances in San Francisco and appear to be in demand. Hawaiian Commercial, Olan, Honokaa, Hutchinson and Oahu.

Expectation among brokers is that there is every probability of a considerable buying movement setting in.

SUGAR PRICE RAISED FOR NEW ZEALAND CROP

(By Consul General Alfred A. Winslow, Auckland, July 8.)
A new agreement has been entered into between the New Zealand government and the Colonial Sugar Refining Co. of Auckland, by which the whole sale price of sugar for the next year is fixed at \$109.45 per ton (2,240 pounds), as compared with \$107.00 for the past year.

At the outbreak of the war the Colonial Sugar Refining Co. was selling sugar at wholesale at \$73 per ton, which rose to \$87.35 per ton at the close of 1914, to \$102.30 on July 1, 1915, and on July 2, 1917, to \$107.00. This is for the best cane sugar; and the arrangements made by the New Zealand Government have been estimated to have saved the New Zealand consumers, during the past year, about \$1,946,000, and seems to have given entire satisfaction. The best granulated sugar at present is retailing in this city at 6 cents per pound.

CORDOVA, Alaska, September 1.—(Associated Press)—Jennie creek district, in the Koyukuk region, one of the most northerly mining camps in the world, is drawing many men this year. In the gold strike made on this creek last year three nuggets were taken out which were together valued at \$1,100.75.

LABOR PROBLEM FAR FROM SOLUTION

Taking On of Transports Makes That Source of Carriage Out of the Question

If there has been any hope that Filipino laborers might be brought here on transports that hope may now be dismissed although it was probably never well founded. With the transports that have been making Honolulu between the Philippines and the mainland taken off that plan can be dismissed. If Filipinos are to be brought here other means must be found.

Why not bring the Filipinos on the steamers coming from the Orient? is the frequently asked question. They are being brought in on those steamers as far as accommodations can be found is the reply. This week on one steamer there came forty-six but that is not enough. Only one-third of one percent of that is required. The steamers from the Orient are running full, is the answer from the Planters' labor bureau.

While the registered applications for laborers number less than 4000 that does not mean that only that many laborers could be used. On the contrary the planters could use three times that many men if they had them and then, with the new price of sugar there would be efforts made as never before for a bumper output.

Meantime efforts are being made by others than the planters, to secure Oriental labor for the islands. Even if success does finally come to their efforts it will take time and may come too late to do much for the next crop. The only relief that has been secured was the keeping of school labor from the rural schools in the plantations until the end of the month.

Especially in war time it was not to be expected that the transports could be secured to bring large numbers of Filipino laborers. There would have been too much chance of introducing some disease aboard a transport that might be needed to take troops away from here. Then there would have been delays for quarantining and fumigation of the ship. It is easy to see the army would take no chance of introducing any epidemic into the fighting forces of the country.

Hawaii is far from finding a solution of its labor problems and is now seeking to prevent the ranks of unskilled plantation and field labor being further depleted by new drafts upon it. High wages on the mainland continue to draw away the Portuguese and recently a considerable number of Filipinos have returned home.

W. O. Smith and E. H. Wodehouse, the secretary and chairman of the committee of immigration of the Planters' Association left for the mainland this week, going to Washington and it is not probable that their visit is closely connected with the labor situation.

USE OF SUGAR BEETS RESTRICTED IN ITALY

(By General David E. Wilber, Genoa, July 10.)

The Gazzetta Ufficiale of July 6, 1918, contains a decree prohibiting the use of sugar beets for industrial purposes other than for the production of sugar. It is also prohibited to use pulp and juice derived from sugar beets for any other purpose than the production of sugar.

The molasses derived from the working of beets may be used for distillation only if it of less than 83 quota of purity, with exception of the amounts assigned for the preparation of awetted forage or other alimentary needs. The maximum quantity of molasses that may be destined for distillation, added to that assigned for alimentary needs, can not exceed for each sugar factory 4 percent of the weight of the beets worked.

HONOR HOME OPENS FOR GIRLS WHO ARE WORKING

SEATTLE, September 1.—(Associated Press)—An honor home for working girls has just been opened in Seattle as the result of a movement by a committee of citizens. The home has accommodations for thirty-five girls based on what the girls earn. Medical attention is to be supplied in the same manner. Any deficit in operating expenses will be borne by the committee of citizens.

WASHINGTON, August 27.—Following the example set by the war department for uniting the military establishment, Secretary Daniels today issued a general order wiping out the various differences existing in the uniform used by the regular Navy and naval reservists.

The order says hereafter the uniform of any given rank in the navy shall be identical in every respect throughout the United States. The uniform of the corps desecies, and that every officer in the navy shall be designated and addressed by the title of his rank.

The latter change does away with the time-honored custom of calling the staff heads by the position they fill rather than by the title of their rank.

New Profit Sharing Plan May Come With New Raw Price

Net Earnings Instead of Price of Raw Sugar in New York May Become Basis For Bonus Distributions

One of the results of the increase of more than a cent and a quarter a pound in the price of raw sugar is likely to be a complete readjustment of the bonus system in the islands and the new basis may be that net profit a ton which the plantation makes instead of the price of sugar fact. New York. This has been given some consideration already and will likely receive considerable more between now and the next meeting of the Planters' Association and at that meeting.

When the present bonus system was devised costs were materially lower than they have been since the United States entered the war. This was recognized, when the planters revised the bonus plans, along lines that were similar to the old ones, at the last meeting.

To continue the present bonus system, with the usual quantity of labor available would increase the percentage from fifty-five to ninety-one percent which would make an increase of payments of about sixty-five percent. A wage increase of more than \$3,000,000 in this way may be considered as impossible or impracticable. Some plantations could afford it, but it is claimed that others could not.

Net Profit Sharing
Under the present bonus system it has been claimed that it was inequitable to the plantations which had high operative and production costs. Where costs were low the plantation could readily pay the bonus and still have a handsome profit. Where costs were high the bonus would sometimes almost wipe out the margin for profit.

It has been urged that there is only one fair basis for the bonus system and that is the net earnings of the employing companies. Where one company earns \$20 a ton and another only \$10 a ton it is claimed the two should not pay the same amount a ton in bonuses.

Basing bonus payment on the price of raw sugar a pound is not strictly speaking, a profit sharing system as the bonus system is designed to be. The profits to the different producers vary. If based on net profit a ton or pound of sugar and a certain share of the net profits paid to the worker, it would not work a greater hardship on the poor plantation as it is claimed that it now does. The idea is not to avoid paying labor its fair share but to have the plantations that earn the most pay the most proportionately as labor's share of the profits.

Examples of how the present plan is working can be found this year in Pacific Mill, Honokaa and Waiuku, all of which will pay no dividends. They are, however, all paying the same bonus for each pound of sugar produced as do the companies that are operating at a profit.

YUCCA FIBER IS NOW USED IN BAG MAKING

A new industry has grown up in the southern part of California and in Nevada and Utah since the outbreak of the war, according to J. H. Favorite, chief of the field division of the General Land Office.

It is that of the manufacture of binder twine, rope and bagging from the fiber of the yucca plant.

According to the report of Favorite made yesterday, the material for these purposes before the war was the jute that came from Calcutta. Shortage of tonnage and excessive steamship rates has made it impossible to import more than one-half the usual amount of jute. Favorite said:

"The principal obstacle to the building up of the industry hitherto has been that most of the land where the yucca grows is public land of the United States. Through the effort of Alexander T. Vogelesong, first assistant secretary of the interior, formerly of San Francisco, and Clay Tallman, commissioner, and formerly of Nevada, a policy has been adopted to permit the use of the yucca on government land. Companies now are permitted to use the plant, but are not given exclusive right to the land. The privilege is given to all citizens, the same as is the grazing privilege. The products are made from the leaves and it is the intention to allow them to be used and at the same time preserve the plant for future use. There already is a big plant at Riverside, where the fiber is used. Others, likely will be erected in other places."

LIFE OF FERTILIZER BAGS CAN BE LENGTHENED

Fertilizer bags will not rot if they are treated with a dilute solution of copper sulphate, according to the United States department of agriculture. The life of the thousands of second-hand burlap bags used on the plantations can be materially prolonged, and money saved by frequent dipping, and in these times such small economies are quite as important as the larger ones. Bluestone, or copper sulphate, is a fungicide in the presence of which moulds and rots can not develop.